

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from.....to.....
COMMISSION FILE NUMBER: 0-10345

CACHE, INC.

(Exact name of registrant as specified in its Charter)

FLORIDA

59-1588181

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

1440 BROADWAY, NEW YORK, NEW YORK 10018

(Address of principal executive offices) (zip code)

212-575-3200
(Registrant's telephone number, including area code)

(Former name, address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "Accelerated Filer" and "Large Accelerated Filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2007, 16,296,733 common shares were outstanding.

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CACHE, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

<TABLE>

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CACHE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<S>	<C>	<C>	<C>
	June 30,	December 30,	
	2007	2006	
	-----	-----	
July 1, ASSETS 2006			

	(Unaudited)		(Unau-
dited)			
Current assets:			
Cash and equivalents	\$ 16,466,000	\$ 19,363,000	
\$ 35,578,000			
Marketable securities	49,546,000	42,094,000	
20,426,000			
Receivables, net	2,944,000	4,794,000	
3,176,000			

Inventories		32,215,000	34,829,000
30,147,000			
Prepaid expenses and other current assets			6,734,000
7,217,000	6,570,000		
		-----	-----
	Total current assets	107,905,000	108,297,000
95,897,000			
Equipment and leasehold improvements, net			49,544,000
50,450,000	50,781,000		
Other assets		457,000	439,000
434,000			
		-----	-----
	Total assets	\$ 157,906,000	\$ 159,186,000
\$ 147,112,000			
		=====	
=====	=====		

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable		\$ 10,844,000	\$ 11,702,000
\$ 11,569,000			
Accrued compensation		1,710,000	1,689,000
1,542,000			
Accrued liabilities		9,120,000	11,515,000
13,420,000			
		-----	-----
	Total current liabilities	21,674,000	24,906,000
26,531,000			
Other liabilities		15,681,000	15,749,000
15,450,000			
Deferred income taxes, net		1,779,000	2,068,000
1,926,000			

Commitments and contingencies

STOCKHOLDERS' EQUITY

Common stock, par value \$.01; authorized, 20,000,000 shares; issued and outstanding 16,296,733, 16,275,708 and 15,791,003	163,000	163,000
158,000		
Additional paid-in capital	45,526,000	44,646,000
36,278,000		
Retained earnings	73,083,000	71,654,000
66,769,000		
	-----	-----
Total stockholders' equity	118,772,000	116,463,000
103,205,000		
	-----	-----
Total liabilities and stockholders' equity	\$ 157,906,000	\$ 159,186,000
147,112,000		
	=====	
=====		

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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CACHE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE TWENTY-SIX WEEKS ENDED
(UNAUDITED)

<S>	<C> June 30, 2007	<C> July 1, 2006
	-----	-----
Net sales	\$ 135,381,000	\$ 135,503,000
Cost of sales, including buying and occupancy		72,456,000
71,024,000	-----	-----

Gross profit	62,925,000	64,479,000
	-----	-----
Expenses		
Store operating expenses	49,631,000	
44,725,000		
General and administrative expenses	12,493,000	
9,734,000		
Lillie Rubin exit costs	0	5,662,000
	-----	-----
Total expenses	62,124,000	60,121,000
	-----	-----
Operating income	801,000	4,358,000
Other income:		
Interest income	1,484,000	1,193,000
	-----	-----
Income before income taxes	2,285,000	
5,551,000		
Income tax provision	857,000	2,165,000
	-----	-----
Net income	\$ 1,428,000	\$ 3,386,000
	=====	=====
=====		
Basic earnings per share	\$0.09	\$0.21
	=====	=====
=====		
Diluted earnings per share	\$0.09	\$0.21
	=====	=====
=====		

Basic weighted average shares outstanding	16,289,000
15,781,000	

=====

Diluted weighted average shares outstanding	16,719,000
16,151,000	

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The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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CACHE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRTEEN WEEKS ENDED
(Unaudited)

<S>	<C> June 30, 2007	<C> July 1, 2006
	-----	-----
Net sales	\$ 71,027,000	\$ 71,682,000
Cost of sales, including occupancy and buying costs		37,092,000
36,385,000	-----	-----
Gross profit	33,935,000	35,297,000
	-----	-----
Costs and expenses		

Store operating expenses	25,616,000	
22,671,000		
General and administrative expenses	7,028,000	
4,910,000		
Lillie Rubin exit costs	0	5,662,000
	-----	-----
	32,644,000	33,243,000
	-----	-----
Operating income	1,291,000	2,054,000
Other income:		
Interest income	758,000	664,000
	-----	-----
Income before income taxes	2,049,000	
2,718,000		
Income tax provision	765,000	1,060,000
	-----	-----
Net income	\$ 1,284,000	\$ 1,658,000
	=====	=====
=====		
Basic earnings per share	\$0.08	\$0.11
	=====	=====
=====		
Diluted earnings per share	\$0.08	\$0.10
	=====	=====
=====		
Basic weighted average shares outstanding	16,296,000	
15,785,000		
	=====	=====
=====		
Diluted weighted average shares outstanding	16,672,000	
16,168,000		

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The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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CACHE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH

FLOW

FOR THE TWENTY-SIX WEEKS ENDED
(Unaudited)

<S>

<C>

June 30,
2007

<C>

July 1,
2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$	1,428,000	\$	3,386,000
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		5,569,000		
5,408,000				
Non-cash compensation expense		601,000		
602,000				
Decrease in deferred income tax liabilities		(289,000)		
(208,000)				
Gift card breakage		(164,000)		---
Amortization of deferred rent		(816,000)		
(634,000)				
Non-cash Lillie Rubin exit costs		---		3,653,000
Excess tax benefits from stock based compensation				---
(29,000)				
Other, net		(18,000)		(24,000)
Change in assets and liabilities:				

Decrease in receivables	1,850,000	
2,558,000		
Decrease in inventories	2,614,000	
2,363,000		
Decrease (increase) in prepaid expenses and other current assets		483,000
(1,073,000)		
Decrease in accounts payable	(858,000)	
(6,835,000)		
Increase in accrued liabilities and accrued compensation		7,000
149,000		

Net cash provided by operating activities	10,407,000
9,316,000	

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of marketable securities	(56,832,000)
(32,004,000)	
Maturities of marketable securities, net	49,380,000
48,098,000	
Payments for equipment and leasehold improvements	(6,131,000)
(6,835,000)	

Net cash provided by (used in) investing activities	(13,583,000)
9,259,000	

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from the issuance of common stock	279,000
221,000	
Excess tax benefit from stock-based compensation	---
29,000	

Net cash provided by financing activities	279,000
250,000	

Net increase (decrease) in cash and equivalents	(2,897,000)
18,825,000	

Cash and equivalents, at beginning of period		19,363,000	
16,753,000			
	-----	-----	
Cash and equivalents, at end of period		\$ 16,466,000	\$
35,578,000			
	=====		
=====			
Supplemental disclosure of cash flow information:			
Income taxes paid	\$	873,000	\$ 3,839,000
Accrued equipment and leasehold improvements		\$ 532,000	\$
1,869,000			

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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CACHE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

References to the "Company," "we," "us," or "our" means Cache, Inc., together with its wholly-owned subsidiaries, except as expressly indicated or unless the context otherwise requires. We currently operate two chains of women's apparel specialty stores, of which 279 stores are operated under the trade name "Cache" and 15 stores are operated under the trade name "Cache Luxe".

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all of the information and footnotes required by accounting principles generally accepted in the United States. However, in the opinion of our management, all known adjustments necessary for a fair presentation of the results of the interim periods have been made. These adjustments consist primarily of normal recurring accruals and estimates that impact the carrying value of assets and liabilities. Actual results may materially differ from these estimates.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 30, 2006, which are included in the Company's Annual Report on Form

10-K with respect to such period filed with the Securities and Exchange Commission. All significant intercompany accounts and transactions have been eliminated. The December 30, 2006 condensed consolidated balance sheet amounts are derived from the Company's audited consolidated financial statements.

The Company's Fiscal Year ("Fiscal Year" or "Fiscal") refers to the 52 or 53 weeks, as applicable, ending the Saturday nearest to December 31. The years ended December 29, 2007 ("Fiscal 2007"), December 30, 2006 ("Fiscal 2006") and December 31, 2005 ("Fiscal 2005") are each 52-week years.

2. STOCK BASED COMPENSATION

Effective January 1, 2006, the Company began recording compensation expense associated with stock options in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123R, Share-Based Payment, as interpreted by SEC Staff Accounting Bulletin No. 107. During the 26-week and 13-week periods ended June 30, 2007, the Company recognized approximately \$601,000 (\$375,000 after tax or \$0.02 per diluted share) and \$291,000 (\$182,000 after tax or \$0.01 per diluted share), respectively. During the 26-week and 13-week periods ended July 1, 2006, the Company recognized \$602,000 (\$367,000 after tax or \$0.02 per diluted share) and \$272,000 (\$166,000 after tax or \$0.01 per diluted share) share-based compensation expense. There were 55,000 options granted during the 13-week period ended June 30, 2007, and no options granted during the 13-week period ended July 1, 2006. For the 26-week and 13-week periods ended June 30, 2007, there were no excess tax benefits realized from the exercise of stock options. For the 26-week and 13-week periods ended July 1, 2006, there was \$29,000 of excess tax benefits realized from the exercise of stock options.

The weighted-average fair value of options granted during the 26-week and 13-week periods ended June 30, 2007 was \$5.86. The grant date fair value is calculated using the Black-Scholes option valuation model. The following assumptions were used during fiscal 2007:

Expected dividend rate	\$0.00
Expected volatility	45.0%
Risk free interest rate	4.66%
Expected lives (years)	4.00

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3. BASIC AND DILUTED EARNINGS PER SHARE

In accordance with SFAS No. 128, "Earnings Per Share", basic earnings per share

has been computed based upon the weighted average number of common shares outstanding. Diluted earnings per share gives effect to outstanding stock options.

Earnings per common share has been computed as follows:

<TABLE>
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<S>	<C>		<C>	
	26-Weeks Ended		13-Weeks Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Net income	\$1,428,000	\$3,386,000	\$1,284,000	
\$1,658,000				
Basic weighted number of average shares outstanding	16,289,000	15,781,000	16,296,000	
15,785,000				
Incremental shares from assumed issuances of stock options	430,000	370,000	376,000	
383,000				
Diluted weighted average number of shares outstanding	16,719,000	16,151,000	16,672,000	
16,168,000				
Net income per share - Basic	\$0.09	\$0.21	\$0.08	
\$0.11				
- Diluted	\$0.09	\$0.21	\$0.08	\$0.10

</TABLE>

Options to purchase 10,000 common shares with an exercise price of \$18.30 per share were excluded from the computation of diluted earnings per share for the 13-week and 26-week periods ended July 1, 2006, because the exercise price was greater than the market price.

4. RECENT DEVELOPMENTS

ADRIENNE VICTORIA

On July 3, 2007, the Company, through a wholly-owned subsidiary that was created in connection with the acquisition, acquired certain assets of Adrienne Victoria Designs, Inc. ("AVD"), our largest supplier. Under the terms of the agreement, the Company made cash payments totaling approximately \$5.8 million, including transaction costs. The agreement also calls for the payment of \$7.0 million in guaranteed installment payments to be paid over 5 years, as well as contingent payments, not to exceed \$5.5 million, based upon earn-out provisions to be paid also over 5 years, if certain conditions are met. The Company acquired the assets of AVD, a design, sourcing and manufacturing company, to increase operating efficiencies and increase shareholder value. The acquisition will be accounted for in the third quarter of fiscal 2007, using the purchase method in accordance with SFAS No. 141, "BUSINESS COMBINATIONS". Accordingly, the assets acquired will be recorded at their estimated fair values and operating results will be included in our financial statements from the date of acquisition. The purchase price will be allocated on a preliminary basis using information currently available. The Company performed a review in accordance with Regulation S-X to determine if the acquisition of AVD meets the requirements of a Significant Subsidiary. Based on the review performed, the acquisition does not qualify as a Significant Subsidiary. The Company has not finalized the valuation of assets nor determined anticipated goodwill.

The Company also has entered into employment agreements with Adrienne Kantor and Robert Kantor, the principal officers of AVD. These agreements will cover a period of 5 years, providing compensation and employee benefits.

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REPURCHASE PROGRAM

On July 30, 2007, the Company's Board of Directors authorized a share repurchase program pursuant to which the Company may repurchase up to 1,000,000 shares of Company common stock, either through the open market or in privately negotiated transactions in accordance with SEC requirements. The program is expected to begin in August 2007 at the prevailing market rate. There is no expiration date governing the period over which the Company can repurchase shares.

5. RECENT ACCOUNTING PRONOUNCEMENTS

On July 13, 2006, FASB issued Interpretation No. 48 ("FIN 48"), "ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES," which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB No. 109, "ACCOUNTING FOR INCOME TAXES." FIN 48 provides guidance on the financial

statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Company adopted the provisions of FIN 48, effective December 31, 2006. The adoption of FIN 48 did not have a material impact on the consolidated financial statements. The Company classifies any interest and penalty payments or accruals within operating expenses on our financial statements. There were no accruals of interest and penalties, nor were there any unrecognized tax benefits at the date of adoption of FIN 48. The Internal Revenue Service has reviewed the Company's income tax returns through the period ended January 1, 2005 and proposed no changes to the tax returns filed by the Company.

In February, 2007, FASB issued SFAS No. 159, "THE FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES," ("SFAS No. 159"), which amends the accounting for assets and liabilities in financial statements in accordance with SFAS No. 115, "ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This statement does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. SFAS No. 159 is effective for the first fiscal year beginning after November 15, 2007. The Company does not expect this statement to have a material impact on the consolidated financial statements.

Effective December 31, 2006, the Company adopted EITF No. 06-03 "HOW TAXES COLLECTED FROM CUSTOMERS AND REMITTED TO GOVERNMENTAL AUTHORITIES SHOULD BE PRESENTED IN THE INCOME STATEMENT." The Company records revenues net of applicable sales tax in our consolidated statements of income.

6. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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June 30,
2007

December 30,
2006

July 1,
2006

Leasehold improvements	\$ 53,926,000	\$ 51,320,000	\$
54,650,000			
Furniture, fixtures and equipment	47,120,000	45,687,000	
55,009,000			
	-----	-----	-----
	101,046,000	97,007,000	109,659,000
Less: accumulated depreciation			
and amortization	(51,502,000)	(46,557,000)	
(58,878,000)			
	-----	-----	-----
	\$ 49,544,000	\$ 50,450,000	\$ 50,781,000
	-----	-----	-----

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<S>	<C>	<C>	<C>
7. ACCRUED LIABILITIES	June 30, 2007	December 30, 2006	July 1, 2006
	-----	-----	-----
Operating expenses	\$ 3,588,000	\$ 2,978,000	\$
4,408,000			
Other taxes	1,269,000	2,190,000	1,714,000
Group insurance	759,000	737,000	654,000
Sales return reserve	478,000	845,000	415,000
Leasehold additions	532,000	2,000,000	
1,869,000			
Other customer deposits and credits	2,494,000	2,765,000	
4,360,000			
	-----	-----	-----
	\$ 9,120,000	\$ 11,515,000	\$ 13,420,000
	-----	-----	-----

</TABLE>

Leasehold additions generally represent a liability to general contractors for a final 10% payable on construction contracts for store construction or renovations.

8. BANK DEBT

During November 2005, the Company reached an agreement with its bank to amend the amount available under the Amended Revolving Credit Facility. Pursuant to the Amended Revolving Credit Facility, \$17,500,000 is available until expiration at November 30, 2008. The amounts outstanding under the credit facility bear interest at a maximum per annum rate equal to the bank's prime rate, currently 8.25% at June 30, 2007, less 0.25%. The agreement contains selected financial and other covenants. Effective upon the occurrence of an Event of Default under the Amended Revolving Credit Facility, the Company grants to the bank a security interest in the Company's inventory and certain receivables. The Company has at all times been in compliance with all loan covenants.

There have been no borrowings against the line of credit during the first half of fiscal 2007 and fiscal 2006. There were outstanding letters of credit of \$0.9 million, \$1.1 million and \$2.6 million, pursuant to the Amended Revolving Credit Facility, at June 30, 2007, December 30, 2006 and July 1, 2006, respectively.

9. LILLIE RUBIN EXIT COSTS

During fiscal 2006, the Company recorded a pre-tax charge of \$5.7 million for asset impairment and store closing costs for the exit of the Lillie Rubin business. The Company closed the last three Lillie Rubin stores during the first fiscal quarter of fiscal 2007. The Company did not incur significant additional exit costs upon the closing of these remaining properties.

The following is a summary of the activity in the reserve for exit costs for fiscal 2007:

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OF BALANCE BEGINNING OF CHARGES CASH BALANCE END

	YEAR	PAYMENTS		PERIOD
Contractual termination costs	\$385,000	\$---	\$307,000	\$78,000
Severance	\$43,000	---	\$43,000	---

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10. CONTINGENCIES

The Company is exposed to a number of asserted and unasserted potential claims. Management does not believe that the resolution of these matters will result in a material loss. We have not provided any third party financial guarantees as of and for the 26 and 13-week periods ended June 30, 2007 and July 1, 2006.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for the historical information and current statements contained in this Form 10-Q, certain matters discussed herein, including, without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements that involve risks and uncertainties, including, without limitation, the effect of economic and market conditions and competition, the ability to open new stores and expand into new markets, and risks relating to foreign importing operations, which could cause actual results to differ materially.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the 26-week and 13-week periods ended June 30, 2007 and July 1, 2006, expressed as a percentage of net sales. Amounts include the combined results of our Cache and Cache Luxe stores.

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	<C>		<C>	
	13 Weeks Ended		26 Weeks Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	52.2	50.8	53.5	52.4
Gross profit	47.8	49.2	46.5	47.6
Store operating expenses	36.1	31.6	36.7	33.0
General and administrative expenses	9.9	6.8	9.2	7.2
Lillie Rubin exit costs	--	7.9	--	4.2
Operating income	1.8	2.9	0.6	3.2
Interest income	1.1	0.9	1.1	0.9
Income before income taxes	2.9	3.8	1.7	4.1
Income taxes	1.1	1.5	0.6	1.6
Net income	1.8%	2.3%	1.1%	2.5%

We use a number of key indicators of financial condition and operating performance to evaluate the performance of our business, some of which are set forth in the following table:

	<C>		<C>	
	13 Weeks Ended		26 Weeks Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Total store count at end of period	294	309	294	309
Net sales growth (decrease)	(1%)	7%	0%	4%
Comparable store sales growth	1%	6%	1%	4%
Average sales per transaction growth (decrease)	(6%)	1%	(7%)	4%
Average number of transactions growth (decrease)	7%	5%	9%	(1%)
Net sales per average square foot	\$115	\$117	\$219	\$224
Total square footage (in thousands)	598	611	598	611

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NET SALES

Net sales remained substantially unchanged, as compared to the same 26-week period last year decreasing to \$135.4 million from \$135.5 million. Comparable store sales at Cache stores (sales for stores open at least one year or more) increased \$1.8 million or 1% during the 26-week period. Non-comparable sales decreased \$1.9 million during the current period, as a result of the reduction of \$9.5 million in net sales for Lillie Rubin stores open in the 26-week period of fiscal 2006, which was partially offset by sales at new store locations of approximately \$7.6 million, during the current 26-week period. Net sales in the fiscal 2007 period at Cache stores reflected an 8.6% increase in sales transactions, which was partially offset by a 7.0% decrease in average dollars per transaction, primarily due to the increase in markdown sales.

Net sales decreased to \$71.0 million from \$71.7 million, a decrease of \$655,000, or 0.9%, as compared to the same 13-week period last year. This reflects \$372,000 of additional net sales as a result of a 1% increase in comparable store sales at Cache stores. Non-comparable sales decreased \$1.0 million during the current period, as a result of the reduction of \$4.6 million in net sales for Lillie Rubin stores open in the 13-week period in of fiscal 2006, which was partially offset by sales at new store locations of approximately \$3.6 million, during the current 13-week period. Net sales in fiscal 2007 period at Cache stores reflected an 6.7% increase in sales transactions, which was partially offset by an 6.0% decrease in average dollars per transaction, primarily due to the increase in markdown sales.

GROSS PROFIT

Gross profit decreased to \$62.9 million from \$64.5 million, a decrease of \$1.6 million, or 2.4%, as compared to the same 26-week period last year. This decrease was primarily due to greater markdowns taken in our sportswear assortment in the current period, which was partially offset by higher initial gross margins from increased direct sourcing of merchandise, as compared to last year. In addition, buying and occupancy expenses declined as a percent of sales in the current period, primarily due to the closure of the Lillie Rubin stores in the second half of 2006. As a percentage of net sales, gross profit decreased to 46.5% from 47.6%, last year.

Gross profit decreased to \$33.9 million from \$35.3 million, a decrease of \$1.4 million, or 3.9%, as compared to the same 13-week period last year. This decrease was primarily due to greater markdowns taken in our sportswear assortment in the current period, which was partially offset by higher initial gross margins from increased direct sourcing of merchandise, as compared to last

year. In addition, buying and occupancy expenses declined as a percent of sales in the current period, primarily due to the closure of Lillie Rubin stores during the 2006 period. As a percentage of net sales, gross profit decreased to 47.8% from 49.2% last year.

STORE OPERATING EXPENSES

Store operating expenses increased to \$49.6 million from \$44.7 million, an increase of \$4.9 million, or 11.0%, over the prior year 26-week period. As a percentage of net sales, store operating expenses increased to 36.7% from 33.0% for the 26-week period last year. This increase reflects the impact of newer stores, which have not achieved a mature sales volume level as compared to the existing store base. The increase in store operating expenses was principally due to higher marketing expenses (\$4.0 million) and payroll expense (\$317,000), which were partially offset by lower charges in other expense categories.

Store operating expenses increased to \$25.6 million from \$22.7 million, an increase of \$2.9 million, or 13%, over the prior year 13-week period. As a percentage of net sales, store operating expenses increased to 36.1% from 31.6% for the 13-week period last year. This increase reflects the impact of newer stores, which have not achieved a mature sales volume level as compared to the existing store base. The increase in store operating expenses was principally due to higher marketing expenses (\$2.3 million) and depreciation expense (\$178,000), which were partially offset by lower charges in other expense categories.

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GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased to \$12.5 million from \$9.7 million, an increase of \$2.8 million, or 28.3%, over the same 26-week period last year. As a percentage of net sales, general and administrative expenses increased to 9.2% from 7.2%, principally due to higher professional fees (\$2.5 million) and a legal settlement related to exempt employees in California (\$1.0 million), as compared to last year.

General and administrative expenses increased to \$7.0 million from \$4.9 million, an increase of \$2.1 million, or 43.1%, over the same 13-week period last year. As a percentage of net sales, general and administrative expenses increased to 9.9% from 6.8%, principally due to higher professional fees (\$1.8 million) and a legal settlement related to exempt employees in California (\$1.0 million), as compared to last year.

LILLIE RUBIN EXIT COSTS

During the quarter ended July 1, 2006 the Company recorded a pre-tax charge of \$5.7 million for the exit of the Lillie Rubin business. The charge was comprised of leasehold improvements, a furniture and fixtures write down of \$4.1 million, a write-down of intangibles of \$455,000, a write-down of supplies of \$275,000, severance charges of \$384,000, as well as an accrual of \$1.6 million for contractual termination costs negotiated prior to July 1, 2006. These costs were partially offset by the reversal of \$1.2 million of deferred rent accruals. As a percent of sales, Lillie Rubin exit costs were 7.9% and 4.2%, for the 13-week and 26-week periods in fiscal 2006.

INTEREST INCOME

Interest income increased to \$1.5 million from \$1.2 million in the same 26-week period last year, primarily due to higher average cash and marketable securities balances. Interest income increased to \$758,000 from \$664,000 in the same 13-week period last year, primarily due to higher average cash and marketable securities balances.

INCOME TAXES

Income taxes decreased to \$857,000 from \$2.2 million, as compared to the 26-week period last year. The decrease was primarily attributable to lower taxable income in fiscal 2007. Income taxes decreased to \$765,000 from \$1.1 million, as compared to the 13-week period last year. The decrease was primarily attributable to lower taxable income in fiscal 2007. The estimated effective tax rate for both 26-week and 13-week periods in fiscal 2007 and fiscal 2006 were 37.5% and 39.0% respectively.

NET INCOME

As a result of the factors discussed above, net income decreased to \$1.4 million from \$3.4 million for the prior year 26-week period. As a result of the factors discussed above, net income decreased to \$1.3 million from \$1.7 million for the prior year 13-week period.

LIQUIDITY AND CAPITAL RESOURCES

Our cash requirements are primarily for working capital, the construction of new stores, the remodeling of existing stores and to improve and enhance our information technology systems. During the 26-week period ended June 30, 2007, we generated \$10.4 million of cash flow from operations as compared to \$9.3 million generated in the same period in fiscal 2006. We expect to continue to

meet our operating cash requirements primarily through cash flows from operating activities, existing cash and cash equivalents, and short-term investments. In addition, we have available a \$17.5 million revolving credit facility (the "credit facility") with Bank of America Retail Finance, under which we have not had outstanding borrowings for several years. At June 30, 2007, we had working capital of \$86.2 million, cash and marketable securities of \$66.0 million and no third party debt outstanding.

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The following table sets forth our cash flows for the period indicated:

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	26-Weeks ended	
	June 30, 2007	July 1, 2006
Net cash provided by operating activities.....		\$10,407,000
\$9,316,000		
Net cash provided by (used in) investing activities.....		(13,583,000)
9,259,000		
Net cash provided by financing activities.....		279,000
250,000		
Net increase (decrease) in cash and equivalents.....		(\$2,897,000)
\$18,825,000		

</TABLE>

During the 26-week period ended June 30, 2007, cash and cash equivalents decreased by \$2.9 million, primarily due to net purchases of marketable securities (\$7.5 million), offset by operating cash flows from depreciation expense (\$5.6 million), seasonal decreases in receivables (\$1.9 million) and inventory (\$2.6 million). Decreases in cash flows for the current period, included a seasonal decrease in accounts payable (\$858,000) and capital expenditures for our new store expansion and remodeling program totaling \$6.1 million.

We plan to open approximately 10 new stores during fiscal 2007. The Company

opened five new Cache stores in the first half of fiscal 2007. We renovated 9 existing stores in the first half of fiscal 2007. We spent approximately \$6.1 million through June 30, 2007 and expect to spend an additional \$3-4 million during the balance of fiscal 2007, for both new store and existing store construction and remodeling, as well as the upgrade of the existing POS computer system.

There have been no borrowings against the line of credit during fiscal 2007 and fiscal 2006. There were outstanding letters of credit of \$0.9 million, \$1.1 million and \$2.6 million, pursuant to the credit facility, at June 30, 2007, December 30, 2006 and July 1, 2006, respectively.

INFLATION

We do not believe that our sales revenue or operating results have been materially impacted by inflation during the past two fiscal years. There can be no assurance, however, that our sales revenue or operating results will not be impacted by inflation in the future.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements or transactions with unconsolidated, limited purpose entities. In the normal course of our business, we enter into operating leases for store locations and utilize letters of credit principally for the importation of merchandise. We do not have any undisclosed material transactions or commitments involving related persons or entities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accounting policies are more fully described in Note 1 of Notes to Consolidated Financial Statements in our fiscal 2006 10-K. As disclosed in Note 1 of Notes to Consolidated Financial Statements, the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. Since future events and their effects cannot be determined with absolute certainty, actual results will differ from those estimates. We evaluate our estimates and judgments on an ongoing basis and predicate those estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results will differ from these under different assumptions or conditions.

Our management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in preparation of the Consolidated Financial Statements.

INVENTORIES. Our inventories are valued at lower of cost or market using the retail inventory method. Under the retail inventory method ("RIM"), the valuation of inventories at cost and the resulting gross margins are calculated by applying a calculated cost to retail ratio to the retail value of inventories. RIM is an averaging method that has been widely used in the retail industry due to its practicality. Additionally, it is recognized that the use of RIM will result in valuing inventories at the lower of cost or market if markdowns are currently taken as a reduction of the retail value of inventories. Inherent in the RIM calculation are certain significant management judgments including, among others, merchandise mark-on, mark-ups, and markdowns, which significantly impact the ending inventory valuation at cost as well as the resulting gross margins. We take markdowns due to changes in fashion and style, based on the following factors: (i) supply on hand, (ii) historical experience and (iii) our expectations as to future sales. We do not anticipate any significant change in our markdown strategy that would cause a change in our earnings. We believe that our RIM provides an inventory valuation, which results in a carrying value at the lower of cost or market.

FINITE-LONG LIVED ASSETS. The Company's judgment regarding the existence of impairment indicators is based on market and operational performance. We assess the impairment of long-lived assets, primarily fixed assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- o significant changes in the manner of our use of assets or the strategy for our overall business;
- o significant negative industry or economic trends;
- o store closings; or
- o underperforming business trends.

In the evaluation of the fair value and future benefits of finite long-lived assets, we perform an analysis by store of the anticipated undiscounted future net cash flows of the related finite long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. Various factors including future sales growth and profit margins are included in this analysis. To the extent these future projections or strategies change, the conclusion regarding impairment may differ from the current estimates. No impairment charges were incurred in fiscal 2004

and 2005, respectively. In fiscal 2006, the Company recorded an impairment charge of \$101,000, related to one store, that the Company closed in early 2007. No impairment charges were recorded during fiscal 2007.

SELF INSURANCE. We are self-insured for losses and liabilities related primarily to employee health and welfare claims. Losses are accrued based upon our estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on Company experience. Adjustments to earnings resulting from changes in historical loss trends have been insignificant for fiscal 2004, 2005 and 2006. Further, we do not anticipate any significant change in loss trends, settlements or other costs that would cause a significant change in our earnings. We maintain stop-loss insurance coverage, which covers us for benefits paid in excess of limits as defined in the plan.

GIFT CARDS, GIFT CERTIFICATES AND CREDITS. The Company sells gift cards and gift certificates ("Gift Cards") and issues credits to its customers when merchandise is returned. The Company recognizes sales from Gift Cards when they are redeemed by the customer and income when the likelihood of the Gift Card being redeemed by the customer is remote (Gift Card breakage) since the Company has determined that it does not have a legal obligation to remit the value of unredeemed Gift Cards to the relevant jurisdiction as abandoned property. The Company determines Gift Card breakage income based upon historical redemption patterns. Breakage income represents the balance of Gift Cards, for which the Company believes the likelihood of redemption by the customer is remote. At that time, the Company will recognize breakage income for those Gift Cards.

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During the third quarter of fiscal 2006, the Company formed a new subsidiary to handle all Gift Card sales and maintain the liability related to Gift Cards. As a result of transferring all existing obligations to the newly formed subsidiary, the Company recognized \$2.4 million of breakage income, within net sales, in the third quarter related to Gift Cards sold/issued since the inception of the Gift Card program. The Company recognized \$164,000 of breakage income during the 26-week period ended June 30, 2007. There was no breakage income recognized for the same period in the prior year.

REVENUE RECOGNITION. Sales are recognized at the "point of sale," which occurs when merchandise is sold in an "over-the-counter" transaction or upon receipt by a customer. Sales of merchandise via our website are recognized at the expected time of delivery to the customer. Our customers have the right to return merchandise. Sales are reported net of actual and estimated returns. We maintain

a reserve for potential product returns and record, as a reduction to sales, a provision for estimated product returns, which is determined based on historical experience. Charges or credits to earnings resulting from revisions to estimates on our sales return provision for fiscal 2004, 2005 and 2006, have not been material. Amounts billed to customers for shipping and handling fees are included in net sales at the time of shipment. Costs incurred for shipping and handling are included in cost of sales.

INCOME TAXES. The Company accounts for income taxes in accordance with SFAS No.

109, "ACCOUNTING FOR INCOME TAXES." This statement requires the Company to

recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities, using applicable tax rates for the years in which the differences are expected to reverse. When tax contingencies become probable, a liability for the contingent amount is estimated based upon the Company's best estimation of the potential exposures associated with the timing and amount of deductions, as well as various tax filing positions. As of June 30, 2007, the Company did not have any tax contingencies. The Company adopted the provisions of FIN 48, effective December 31, 2006. The adoption did not have a material impact on the consolidated financial statements.

SEASONALITY. We experience seasonal and quarterly fluctuations in net sales and operating income. Quarterly results of operations may fluctuate significantly as a result of a variety of factors, including the timing of new store openings, fashion trends and shifts in timing of certain holidays. Our business is subject to seasonal influences, characterized by highest sales during the fourth quarter (October, November and December) and lowest sales during the third quarter (July, August and September).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the following types of market risk-fluctuations in the purchase price of merchandise, as well as other goods and services: the value of foreign currencies in relation to the U.S. dollar; and changes in interest rates. Due to our inventory turn rate and our historical ability to pass through the impact of any generalized changes in our cost of goods sold to our customers through pricing adjustments, commodity and other product risks are not expected to be material. We purchase substantially all merchandise in U.S. dollars.

Our exposure to market risk for changes in interest rates relates to cash, cash

equivalents and marketable securities. As of June 30, 2007, our cash, cash equivalents and marketable securities consisted primarily of funds invested in money market accounts, which bear interest at a variable rate and U.S. treasury instruments, as well as municipal bonds which bear interest at a fixed rate. Due to the average maturity and the conservative nature of our investment portfolio, we believe a sudden change in interest rates would not have a material effect on the value of our investment portfolio. As the interest rates on a material portion of our cash, cash equivalents and marketable securities are variable, a change in interest rates earned on our investment portfolio would impact interest income along with cash flows, but would not materially impact the fair market value of the related underlying instruments.

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ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

As of June 30, 2007, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to the Securities and Exchange Act Rule 13(a)-15(b). Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2007 due to the material weakness in our internal control over financial reporting, identified during the Company's assessment of internal control over financial reporting as of December 30, 2006 and reported in our fiscal 2006 Annual Report on Form 10-K. We continue our efforts to remediate this material weakness through ongoing process improvements and the implementation of enhanced policies and hiring additional personnel, engaging third-party tax, financial and financial systems consultants, improving quality control standards, and providing additional training and education to our financial reporting and accounting personnel. Accordingly, this material weakness is not yet fully remediated. No material weaknesses will be considered remediated until the remedial procedures have operated for an appropriate

period, have been tested, and management has concluded that they are operating effectively.

To compensate for this material weakness, the Company performed additional analysis and other procedures in order to prepare the unaudited quarterly consolidated financial statements in accordance with generally accepted accounting principles in the United States of America. Accordingly, management believes that the consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

There were no changes during the quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS

- 10.1 Employment Agreement dated as of July 3, 2007 by and between Cache, Inc. and Robert Kantor.
- 10.2 Employment Agreement dated as of July 3, 2007 by and between Cache, Inc. and Adrienne Kantor.
- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Signatures

Pursuant to the requirement of Section 13 or 15 (d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 9, 2007

CACHE, INC.

BY: /s/ Brian Woolf

Brian Woolf
Chairman and Chief
Executive Officer
(Principal Executive
Officer)

BY: /s/ Margaret Feeney

Margaret Feeney
Executive Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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EXHIBIT 31.1
CERTIFICATION

I, Brian Woolf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cache, Inc. (Cache);

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Cache as of, and for, the periods presented in this quarterly report;
4. Cache's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Cache, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of Cache's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation;
 - d) disclosed in this report any changes in Cache's internal control over financial reporting that occurred during Cache's second quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. Cache's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Cache's auditors and the audit committee of Cache's Board of Directors;
- a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Cache's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in Cache's internal controls over financial reporting.

August 9, 2007

By: /s/ Brian Woolf

Brian Woolf
Chairman and Chief
Executive Officer
(Principal Executive
Officer)

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EXHIBIT 31.2
CERTIFICATION

I, Margaret Feeney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cache, Inc. (Cache);
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Cache as of, and for, the periods presented in this quarterly report;
4. Cache's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Cache, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of Cache's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation;
 - d) disclosed in this report any changes in Cache's internal control over financial reporting that occurred during Cache's second quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. Cache's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Cache's auditors and the audit committee of Cache's Board of Directors;

- a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Cache's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in Cache's internal controls over financial reporting.

August 9, 2007

By: /s/ Margaret Feeney

Margaret Feeney
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

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EXHIBIT 32.1
CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to, and solely for the purposes of, 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002), each of the undersigned hereby certifies in the capacity and on the date indicated below that:

1. The Quarterly Report of Cache, Inc. on Form 10-Q for the period ending August 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cache, Inc.

August 9, 2007

By: /s/ Brian Woolf

Brian Woolf
Chairman and Chief
Executive Officer
(Principal Executive
Officer)

August 9, 2007

By: /s/ Margaret Feeney

Margaret Feeney
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

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EMPLOYMENT AGREEMENT

This Employment Agreement is made and entered into as of the 3rd day of July, 2007 between Cache, Inc., a Florida corporation, having its principal place of business at 1460 Broadway, New York, New York 10036 ("CACHE" or the "COMPANY") and Robert Kantor, an individual residing at 66 Leonard Street, Apt. 3 E, New York, NY 10013 ("EXECUTIVE").

BACKGROUND

The Company, Adrienne Victoria, Inc., a wholly owned subsidiary of the Company (the "PURCHASER"), Adrienne Kantor, Robert Kantor and Adrienne Victoria Designs, Inc. (the "SELLER") have simultaneously entered into that certain Asset Purchase Agreement, dated July 3, 2007 (the "ASSET PURCHASE AGREEMENT").

As a material inducement for the Executive to cause the Seller and the Company to cause the Purchaser to enter into the Asset Purchase Agreement, the Company has agreed to hire the Executive and the Executive has agreed to work for the Company pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, Company and Executive agree as follows:

1.0 EMPLOYMENT

Cache hereby employs Executive as its Executive Vice President, Manufacturing and Product Development with the duties and responsibilities set forth in Section 2.0 and Executive hereby accepts such employment. This Agreement shall commence on July 3, 2007 for a term of

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5 years, expiring on July 2, 2012 (the "INITIAL TERM"), subject to earlier termination as hereinafter provided, provided that the Company and the Executive may, subject to Executive's consent, extend the term of this Agreement for additional 12 month periods (each an "EXTENSION TERM") by providing written notice to Executive no later than 90 days prior to the expiration of Initial Term or any Extension Term, as applicable. The terms of any Extension Term shall be negotiated in good faith by the parties.

2.0 DUTIES AND RESPONSIBILITIES

2.1 The Principal duty of Executive shall be to direct, and manage manufacturing and product development operations of the Company. Executive shall report to the Chief Executive Officer ("CEO") of the Company. Subject to the direction and control of the CEO and in accordance with the policies and procedures of the Company, Executive shall be responsible for manufacturing and product development for the Company and management of its manufacturing and product development department, including responsibility for hiring and firing of employees reporting to him. As an Executive Vice President, the Executive shall also be a member of the executive management team of the Company in which capacity he shall participate in determining the business strategy, marketing strategy and financial direction of the Company.

2.2 Executive agrees that he will diligently devote his entire business skill, time and effort to the performance of his duties on behalf of Cache. Executive agrees that he will not, alone or as a member of a partnership or as

an officer, director, shareholder, employee or agent of any other person, firm or business organization, engage in any other business activities or pursuits requiring his personal services that might conflict with his duties hereunder. Executive may also serve as a director or consultant to other companies, which are not competitive with the

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Company, upon receiving prior approval of the Board of Directors (the "Board"). Executive may continue to engage in charitable and civil activities without compensation.

2.3 Executive represents and warrants that he is not subject or party to any employment agreement, non-competition covenant, non-disclosure agreement or other agreement, covenant, understanding or restriction that would prohibit Executive from executing this Agreement and performing fully his duties and responsibilities hereunder, or which would in any manner, directly or indirectly, limit or affect the duties and responsibilities which may now or in the future be assigned to Executive by Cache.

2.4 Executive agrees that at all times he will strictly adhere to and perform all his duties in accordance with written policies and procedures of Cache applicable to all executive employees that are in effect from time to time.

3.0 COMPENSATION AND BENEFITS

3.1 SALARY. During the Initial Term and each Extension Term of Executive's employment under this Agreement, Cache shall pay Executive an annual base salary of \$150,000, or at such higher rate as the Company shall determine ("BASE SALARY") less withholdings and other applicable payroll deductions as required by law, payable at such times as Cache customarily pays its other executive officers (but in no event less often than monthly).

3.2 BENEFITS. Executive will be entitled to participate in all of the Company's employee benefit plans and other executive benefit plans or programs that Cache offers, provides or makes available from time to time to its senior executive officers or employees of similar rank and title as Executive, including, without limitation, any life insurance, health and accident, stock

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option, restricted stock or other stock based compensation plans or programs, and at levels commensurate with his rank and title, provided that Executive meets the eligibility requirements for such plans or programs. To the extent permitted by applicable law and the terms of such plans and programs, Executive shall be credited for years of service rendered to Seller for purposes of any vesting requirements under such plans or programs, other than the 401(k). Cache shall reimburse Executive in an amount of up to \$500 per month as allowance of his motor vehicle use.

3.3 BUSINESS EXPENSES. Executive shall be promptly reimbursed for the business expenses reasonably incurred on Cache's behalf in connection with the performance of his services hereunder upon presentation of an itemized account and written proof of such expenses, in accordance with the policies established by Cache.

3.4 VACATION. Executive shall be entitled to four weeks of paid vacation leave per year. Such vacation shall be taken at such times and in such intervals as Executive deems appropriate in compliance with vacation notice policy of the Company.

3.5 DIRECTORS AND OFFICERS LIABILITY INSURANCE. The Company currently maintains directors and officers liability insurance policy coverage as heretofore described to Executive. Executive shall be covered under such insurance as from time to time modified by the Company for actions taken by Executive as an officer of Cache.

3.6 COVERAGE. Nothing in this Agreement shall prevent Executive from participating in any other compensation plan or benefit plan made available to him by the Company.

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4.0 TERMINATION WITHOUT COMPENSATION

4.1 MUTUAL AGREEMENT. Executive's employment, and the parties' respective obligations hereunder may be terminated by mutual written agreement.

4.2 RESIGNATION WITHOUT GOOD REASON. Executive may terminate his employment without Good Reason (as hereafter defined), by written resignation submitted to

Cache at least forty-five (45) days prior to a specified termination date and thereafter Cache shall not have any further liability or obligation to Executive, his executors, administrators, heirs, assigns or any other person claiming under or through him, except for unpaid salary and benefits through, and unreimbursed reimbursable expenses incurred prior to, such termination date, except as otherwise set forth in the Asset Purchase Agreement. Cache may at its sole discretion, terminate Executive's services at any time during that period, and compensate Executive for the remainder of that period.

4.3 PARTIAL/TOTAL DISABILITY. If Executive is unable to perform his duties and responsibilities to the full extent required hereunder, either with or without reasonable accommodation, by reason of physical or psychiatric illness, injury or incapacity, as determined in good faith by the Board, for six (6) continuous months or nine (9) months in any twelve (12) month period, Cache may terminate Executive's employment by written notice of the termination date, and Cache shall have no further liability or obligation to Executive hereunder, except for any unpaid salary and benefits accrued to the date of termination and except as may be set forth in the Asset Purchase Agreement. During any period of disability, Executive will receive his Base Salary in effect at the time of disability, reduced by the amount of any disability benefits under any applicable Cache disability program, other Cache benefit plan or federal or

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state disability benefit program, plus reimbursement of business expenses and any other benefits to which Executive is entitled pursuant to the terms of this Agreement or Cache policies. In the event of any dispute under this Section 4.3, Executive shall submit to a physical and/or psychiatric examination by a licensed physician mutually satisfactory to Cache and Executive. The cost of such examination will be paid by Cache and the findings of such physician shall be determinative.

4.4 DEATH. If Executive dies, this Agreement shall terminate and thereafter Cache shall not have any further liability or obligation to Executive, his executors, administrators, heirs, assigns or any other person claiming under or through him, except for unpaid Base Salary, unreimbursed business expenses and other benefits accrued to the date of his death and except as may be otherwise set forth in the Asset Purchase Agreement.

4.5 CAUSE. Cache may terminate Executive's employment for "Cause" at any time upon written notice to Executive and upon such termination Cache shall have no further liability or obligation to Executive except for any unpaid salary and benefits accrued to the date of termination. For purposes of this Agreement,

"CAUSE" shall mean any of the following: (a) Executive's commission of any felony (including, without limitation, any violation of the Foreign Corrupt Practices Act), whether or not job related (but excluding traffic violations), which in the reasonable judgment of the Board results in a material injury to the Company or its reputation; (b) Executive's failure (other than by reason of death, disability, illness, injury or incapacity) to perform or fulfill any of Executive's material duties or responsibilities or reasonable lawful directives of the Company which failure, in the reasonable judgment of the Board, results in a material injury to the Company or its reputation after written demand for

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performance, fulfillment or cure of such failure is delivered by the Company specifically identifying the manner in which the Company believes that Executive has so failed, PROVIDED that if such failure is capable of cure and Executive is actively taking reasonable action to cure such failure, such failure shall not constitute "Cause" hereunder so long as such actions continue; (c) Executive's habitual insobriety or substance abuse; (d) intentional misappropriation of Company funds by Executive; (e) conduct in the performance of Executive's employment which violates applicable law or causes the Company to violate applicable law, including without limitation any harassment or anti-discrimination regulations, and which failure in the reasonable judgment of the Board results in a material injury to the Company or its reputation; (f) any material violation of Section 6, 7 or 9 of this Agreement, or (g) during any calendar year beginning in with the 2009 calendar year Cache's annualized Gross Margin (as defined in the Purchase Agreement) drops by more than 2-1/2 percentage points below the Gross Margin for the trailing 12 months ending June 30, 2007, PROVIDED that any reduction in Gross Margin attributable to acts of God, war, hostilities, acts of terrorism, increases in prices for raw materials, governmental action such as embargoes and other events in the nature of force majeure which, in any such case, are outside the ordinary course of business, shall be excluded in computing the drop in Gross Margin.

4.6 In the event that Executive's employment is terminated for any of the reasons set forth in this Section 4, Cache will have no further liability or obligation to Executive, except for any unpaid Base Salary, unreimbursed expenses or other benefits accrued as of the date of termination and except as may otherwise be set forth in the Asset Purchase Agreement.

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5.0 TERMINATION WITH COMPENSATION

5.1 Cache shall have the right to terminate Executive's employment at any time without Cause by giving Executive thirty (30) days' prior written notice of the termination date. Executive shall have the right to terminate his employment for Good Reason by giving Cache thirty (30) days' prior written notice. "GOOD REASON" shall mean the Company's Material Breach (as hereinafter defined) of this Agreement or a Change in Ownership or Control (as hereinafter defined) of the Company. The Company's "MATERIAL BREACH" of this Agreement shall mean (i) the failure of the Company to pay Base Salary or additional compensation or benefits hereunder in accordance with this Agreement or the failure to make payments due under the Asset Purchase Agreement, in each case within 10 business days after written notice of such failure is given by the Executive, (ii) the assignment to Executive without Executive's prior written consent of duties substantially inconsistent with his duties and responsibilities as set forth in Section 2.0 of this Agreement or a material diminution of such duties and responsibilities without his consent, or (iii) the relocation of Executive's principal place of employment to a geographic location outside of the greater New York City area without his prior written consent. A "CHANGE IN OWNERSHIP OR CONTROL" of the Company shall mean the occurrence of one or more of the following four events: (i) any person becomes a beneficial owner (as such term is defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) directly or indirectly of securities representing more than 50% of the total number of votes that may be cast for the election of directors of Cache; (ii) within two years after a merger, consolidation, liquidation or sale of assets involving Cache, or a contested election of a Cache director, or any combination of the foregoing, the individuals who were directors of Cache immediately prior thereto shall cease to

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constitute a majority of the Board; (iii) within two years after a tender offer or exchange offer for voting securities of Cache, the individuals who were directors of Cache immediately prior thereto shall cease to constitute a majority of the Board; (iv) a sale of all or substantially all the assets of Cache to an unrelated third party, or (v) at least two of Brian Woolf, Thomas Reinckens and Margaret Feeney cease to be senior executive officers of Cache. In addition, should the Company terminate Executive's employment for Cause and Cause is determined, by arbitration in accordance with the provisions set forth in ANNEX B hereto, not to exist, such termination shall be deemed to constitute a resignation by Executive for Good Reason.

In the event that Executive's employment is terminated pursuant to this Section 5.1, Cache shall continue to pay Executive the Base Salary then in effect for the balance of the term of this Agreement, less withholdings and other applicable payroll deductions as required by law, in accordance with Cache's normal pay cycle (the "SEVERANCE PAYMENTS"). The Severance Payments may in the Company's sole discretion, be payable as set forth in the previous sentence, or in a lump sum payment. However, Executive shall not be entitled to any compensation under this Section 5.1 unless Executive executes and delivers to Cache after notice of termination a general release reasonably acceptable to Cache by which Executive releases Cache from any obligations and liabilities of any type whatsoever, except for Cache's obligation to provide the Severance Payments specified herein and any obligations of Cache or the Purchaser to the Executive or the Seller under the Asset Purchase Agreement. The parties acknowledge that the Severance Payments to be provided under this Section 5.1 are partially in consideration for the above-referenced release. Upon any termination under this Section 5.1, Cache shall have no further obligation to Executive, his executor, administrators, heirs, assigns or any other persons

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claiming under or through him other than to pay to Executive the Severance Payments specified in this Section 5.1 in exchange for the above-referenced release and except as otherwise provided in the Asset Purchase Agreement. Executive agrees that any compensation he is to receive pursuant to this Section 5.1 shall be reduced by any compensation Executive receives in connection with any employment position Executive assumes subsequently to his termination date. Executive further agrees that, immediately upon his acceptance of any such employment position, he will notify Cache, in writing, of his employment position and the compensation associated with the position so that Cache may reduce the payments to be made to Executive, in accordance with this Section 5.1.

5.2 In the event that Executive dies during the payment continuation period referred to in Section 5.1, Cache will have no further liability or obligation to Executive, his executor, administrators, heirs, assigns or any other persons claiming under or through him as of the date of Executive's death except as set forth in Section 4.4 of this Agreement and under the Asset Purchase Agreement.

6.0 ASSIGNMENT OF PROPRIETARY INFORMATION AND RETURN OF PROPERTY

6.1 Executive hereby recognizes the Company's proprietary rights in the tangible and intangible property of the Company and acknowledges that

notwithstanding the relationship of employment, Executive will not obtain or acquire through such employment any personal property rights in any of the property of the Company, including but not limited to, any writing, communications, manuals, documents, instruments, contracts, agreements, files, client or customer lists, databases, literature, data, technical information, know-how, secrets, formulas,

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products, methods, procedures, processes, devices, apparatuses, designs, drawings, trademarks, trade names, trade styles, service marks, logos, copyrights, patents, or other matters which are the property of the Company.

6.2 Executive agrees that any and all designs, discoveries, inventions, improvements and innovations (including all data and records pertaining thereto) (together or individually hereinafter referred to as "PROPRIETARY INFORMATION"), whether or not patentable, copyrightable or reduced to writing, which Executive may have conceived or made, or may conceive or make, during his employment by the Company and for a period of two months thereafter, either alone or in conjunction with others and whether or not during working hours or by the use of the facilities of the Company, which are related or in any way connected with the business of the Company or its affiliates, are and shall be the sole and exclusive property of the Company. Executive shall promptly disclose all Proprietary Information to the Company, shall execute at the request of the Company any assignments or other documents the Company may reasonably deem necessary to protect or perfect its rights therein, and shall assist the Company in any reasonable respect, at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. Executive hereby appoints the Company as his attorney-in-fact to execute on his behalf any assignments or other documents deemed necessary by the Company to protect or perfect its rights to any Proprietary Information should Executive fail to provide him reasonable cooperation.

6.3 At any time during or after the term of employment, Executive agrees that he will fully cooperate with any reasonable requests of the Company, its attorneys and agents in the preparation and filing of all papers and other documents as may be required to perfect the

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Company's rights in and to any of such Proprietary Information, but not limited to, joining in any proceedings to obtain letters patent, copyrights, trademarks or other legal rights of the United States and of any and all other countries on such Proprietary Information, provided that the Company shall bear the expenses of such proceedings, and that any patent or other legal right so issued to Executive, personally shall be assigned by Executive to the Company without change by Executive.

6.4 Immediately upon termination of Executive's employment, Executive shall deliver to Cache all copies of data and information in any way associated with Cache or the performance of Executive's duties including, but not limited to, all Confidential Information (as defined in Section 7.1), documents, correspondence, notebooks, reports, computer programs, drawings, designs, lists and all other materials and copies thereof (including computer discs and other electronic media) relating in any way to the business of Cache. Immediately upon termination of Executive's employment, Executive shall deliver to Cache all tangible property belonging or licensed to Cache, including, without limitation, cell phones, facsimile machines, computers, pagers and credit cards.

7.0 CONFIDENTIALITY; NON-COMPETE

7.1 CONFIDENTIALITY AND NONDISCLOSURE OF INFORMATION. During Executive's tenure with Cache, he has had and will have access to information relating to the business of Cache, including writings, equipment, processes, drawings, reports, designs, manuals, invention records, financial information, business plans, customer lists, the identity of or other facts relating to prospective customers, inventory lists, arrangements with suppliers and customers, computer programs, or other material embodying trade secrets, customer or product information or

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technical or business information of Cache (all of which, excluding information and materials which are or become generally available or known within the industry or to the public other than as a result of disclosure by Executive or his representatives, hereinafter are referred to as "CONFIDENTIAL INFORMATION"). Executive acknowledges that the Confidential Information constitutes a valuable, special and unique asset of Cache as to which Cache has the right to retain and hereby does retain all of its proprietary interests. However, access to and knowledge of the Confidential Information is essential to the performance of Executive's duties. In recognition of this fact, Executive agrees that he will not, during or after his employment with Cache, disclose any of the Confidential

Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever (except as necessary in the performance of his duties during his employment with Cache) or make use of any of the Confidential Information for his purposes or those of another. In the event Executive is required or requested by legal process to disclose any of the Confidential Information, Executive shall provide Cache with prompt notice of such requirement or request so that Cache may, at its own expense, seek an appropriate protective order or waive compliance with the provisions of this Section 7.1 to the extent required to comply with the request or order. If a protective order is not obtained and/or if reasonable proof thereof is not given by Cache to Executive by written notice and received by Executive no later than one (1) business day preceding the date on which such disclosure is required, Executive may disclose all or a portion of the Confidential Information to the extent required by such legal process or permitted by the waiver, or both.

7.2 NON-COMPETE. (a) Executive acknowledges and recognizes the highly competitive nature of the industry in which the business of Cache ("BUSINESS") is involved.

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Accordingly, in consideration of the premises contained herein and the consideration to be received hereunder, and in consideration of and as an inducement to Cache to consummate the transaction contemplated by this Agreement, during the term of his employment as set forth in this Agreement and for a period of two (2) years following termination without compensation, or during the period Executive receives compensation pursuant to Section 5.1 (the "NON-COMPETE PERIOD"), Executive shall not, whether as an agent, employee, consultant, advisor, representative, stockholder, member, partner, supplier or joint venturer, directly or indirectly, own, manage, control, participate in, consult with, render services for, sell to, or in any manner engage in or represent any Competitive Business anywhere in the world where Cache products are sold during the term of Executive's employment hereunder and as of the date of termination of such employment. As used herein, a "COMPETITIVE BUSINESS" shall mean a specialty retailer selling apparel and accessories to the female "missy" customer or selling special occasion wear. The Competitive Businesses as of the date hereof are listed on ANNEX A, provided that Cache may amend ANNEX A from time to time to add other companies, which were either inadvertently omitted or which become Competitive Businesses after closing. Executive specifically agrees that this covenant is an integral part of the inducement of Cache to enter into this Agreement, and absent this covenant Cache would not enter into this Agreement and that Cache shall be entitled to injunctive relief in addition to all other legal and equitable rights and remedies available to it

in connection with any breach by such person or its applicable affiliates of any provision of this Section 7.2(a) and that, notwithstanding the foregoing, no right, power, or remedy conferred upon or reserved or exercised by Cache in this Section 7.2(a) is intended to be exclusive of any other right, power or remedy, each and every one of which (now or hereafter existing at law, in equity, by statute or otherwise) shall be cumulative and concurrent.

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(b) Nothing herein shall prohibit Executive from (i) being a passive owner of not more than five percent (5.0%) of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation, or (ii) performing his duties pursuant to this agreement.

(c) During the Non-Compete Period, Executive shall not, directly or indirectly through another person (i) induce or attempt to induce any employee of Cache or its affiliates to leave the employment of Cache or such affiliate or in any way interfere with the relationship between Cache or such affiliate, on the one hand, and any employee thereof, on the other hand; (ii) hire any person who was an employee of Cache or an affiliate thereof until one (1) year after such individual's employment relationship with Cache or such affiliate has ended; or (iii) induce or attempt to induce any customer, supplier, vendor, licensee or other business relation of any of Cache or any affiliate thereof to cease doing business with Cache or such affiliate, or in any way interfere with the relationship between any such customer, supplier, vendor, licensee or business relation, on the one hand, and Cache or such affiliate, on the other hand.

(d) Executive understands that the foregoing restrictions may limit his ability to earn a livelihood in a business similar to the Business, but nevertheless believes, that he has received and will receive sufficient consideration and other benefits as provided hereunder to clearly justify such restrictions which, in any event (given its education, skills and ability), he does not believe would prevent him from otherwise earning a living. Executive has carefully considered the nature and extent of the restrictions placed upon him by this Agreement, and hereby acknowledges and agrees that the same are reasonable in time, scope and territory, do not confer a benefit upon Cache or any of its affiliates disproportionate to the detriment of Executive, are

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reasonable and necessary for the protection of Cache and its affiliates and are an essential inducement to Cache to consummate the transactions contemplated by this Agreement.

(e) If, at the time of enforcement of this Section 7.2, a court or arbitrator holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court or arbitrator, as applicable.

(f) Executive covenants and agrees that he will not seek to challenge the enforceability of the covenants contained in this Section 7.2 against Cache or any of its affiliates, nor will Executive assert as a defense to any action seeking enforcement of the provisions contained in this Section 7.2 (including an action seeking injunctive relief) that such provisions are not enforceable due to lack of sufficient consideration received by Executive so long as (i) no "event of default" has occurred and is continuing under the Note (as defined in the Asset Purchase Agreement) or (ii) no default has occurred and is continuing with respect to the payment of any Earn-Out Payment or any other payment obligations due and payable under the Purchase Agreement. The parties hereto agree and acknowledge that money damages would not be an inadequate remedy for any breach of this Section 7.2. Therefore, in the event of a breach or threatened breach by Executive of this Section 7.2, Cache or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions of this Section 7.2 (without posting a bond or other security).

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8.0 COOPERATION BY EXECUTIVE

Executive agrees, during and after his employment with Cache, to cooperate with reasonable requests of Cache in any legal proceedings or with respect to any regulatory matters relating to the period of Executive's employment with Cache, provided that any reasonable travel, room and board expenses which Executive incurs in rendering such cooperation will be reimbursed by Cache.

9.0 CONFIDENTIALITY OF AGREEMENT; NO DISPARAGEMENT

9.1 Both during and after Executive's employment with Cache, Cache and Executive agree to make reasonable efforts to keep the contents of this Agreement confidential (except with respect to such party's counsel, accountant, financial advisors and any person requiring such information in connection with a loan application or credit rating, or any member of Executive's immediate family or any person sharing Executive's principal residence, in all cases with the understanding that such persons will maintain the confidentiality of said Agreement). Executive further agrees, both during and after Executive's employment with Cache, not to disparage or ridicule Cache or any of Cache's officers, or any member of Cache's Board.

9.2 Cache agrees that, both during and after Executive's employment with Cache, it will not disparage or ridicule Executive for any reason whatsoever.

10.0 INJUNCTIVE RELIEF

Executive acknowledges that damage to Cache from Executive's breach of this Agreement cannot be remedied solely by the recovery of damages, and agrees that in the event of

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any breach or threatened breach of any of the provisions of Sections 6, 7 or 9 of this Agreement, Cache may pursue both injunctive relief and any and all other remedies available at law or in equity for any such breach or threatened breach, including the recovery of damages. Cache acknowledges that damage to Executive from Cache's breach of Section 9.2 of this Agreement cannot be remedied solely by the recovery of damages, and agrees that in the event of any breach or threatened breach of Section 9.2, Executive may pursue both injunctive relief and any and all other remedies available at law or in equity for any such breach or threatened breach, including the recovery of damages.

11.0 ASSIGNABILITY; BINDING EFFECT

The terms and provisions of this Agreement shall be binding upon and inure to the benefit of Cache and its successors and assigns. Any assignment of this Agreement by Cache shall not operate as a release by Executive of any of Cache's obligations under this payment for which Cache shall continue to be responsible notwithstanding such assignment. This Agreement calls for the provision of personal services and, accordingly, shall not be assignable by Executive.

12.0 MISCELLANEOUS

12.1 This Agreement, along with the Asset Purchase Agreement supersedes all prior agreements between the parties on the subject hereof. To the extent terms of this Agreement conflict with the terms of Asset Purchase Agreement, the terms of Asset Purchase Agreement shall prevail and control. None of the terms of this Agreement shall be deemed to be waived or modified, nor shall this Agreement be renewed, or extended, except by an express agreement in

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writing, signed by Executive and Cache. There are no representations, promises, warranties, covenants or undertakings, other than those contained in this Agreement or in the Asset Purchase Agreement, which agreements represent the entire understanding of the parties. The failure of a party hereto to enforce, or the delay by a party hereto to enforce, any of its rights under this Agreement shall not be construed as a waiver of any such party's rights hereunder. Paragraph headings contained in this Agreement have been inserted for convenience of reference only, are not to be considered a part of this Agreement and shall not affect the interpretation of any provision hereof. In the event any of the provisions of this Agreement, or any portion thereof, shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not be affected or impaired but shall remain in full force and effect. This Agreement shall be governed and construed in accordance with the laws of the State of New York, applicable to agreements made and to be performed therein. Any action brought in connection herewith shall be brought exclusively in the federal or New York State courts sitting in the City of New York, County of New York and each party hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. A final judgment in any such action may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law.

12.2 NOTICES. Any notices under this Agreement shall be in writing and shall be given by personal delivery, facsimile, by certified or registered letter, return receipt requested, or a

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nationally-recognized overnight delivery service; and shall be deemed given when personally delivered, upon actual receipt of the facsimile or certified or registered letter, or on the business day next following delivery to a nationally-recognized overnight delivery service at the addresses set forth below in this Agreement or to such other address or addresses as either party shall have specified in writing to the other party hereto.

IF TO CACHE:
Thomas E. Reinckens
Cache, Inc.
1440 Broadway
New York, NY 10018
Facsimile: (212) 764-2082

IF TO EXECUTIVE:
Robert Kantor
66 Leonard Street Apt. 3 E
New York, NY 10013
Facsimile: (212) 869-5356

12.3 SURVIVAL. The provisions of Sections 4, 5, 6, 7, 8 9, 10 and 12 of this Agreement shall survive the termination of this Agreement, and of Executive's employment.

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IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement on the date first above written.

CACHE, INC.

By: /s/ Thomas E. Reinckens

/s/ Robert Kantor

Name: Thomas E. Reinckens

ROBERT KANTOR

Title: President and Chief Operating Officer

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Annex A

COMPETITIVE BUSINESSES AS OF THE DATE OF THIS AGREEMENT

AnnTaylor Stores Corp.
Arden B.
Anthropologie
Banana Republic
BCBG Max Azria
Bebe Stores, Inc.
Chico's FAS Inc.
Express
Guess? Inc.
J Jill
Max Studio
New York & Company Inc.
Talbots Inc.
White House | Black Market

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Annex B

ARBITRATION PROVISIONS

(a) The party invoking arbitration under this provisions shall notify the other party in writing, and such notice shall propose an arbitrator, who shall be required to complete a disclosure of interest form;

(b) the parties will confer in good faith to select a mutually agreed upon arbitrator, but in the event they fail to do so within 10 days of notice to file, shall notify the American Arbitration Association (the "AAA") in New York City, New York;

(c) the parties shall request that the AAA work with the parties to select a single arbitrator pursuant to the method and manner contemplated by the AAA's National Rules for the Resolution of Employment Disputes;

(d) the arbitration shall be conducted in New York City;

(e) the arbitration, including the arbitrator's decision, shall be

completed within 30 days of selection of the arbitrator. The arbitration shall prepare and distribute findings of fact and set forth the reasons for such decisions;

(f) the arbitrator shall have no authority to assess punitive or exemplary damages as to any dispute (i) arising out of or concerning the provisions of this Agreement or (ii) otherwise arising out of the employment relationship, except as and unless such damages are expressly authorized by otherwise applicable and controlling statutes; and

(g) the arbitrator's decision shall be final and binding and enforceable and not subject to vacatur in any court of competent jurisdiction

</TEXT>
</DOCUMENT>
<DOCUMENT>
<TYPE>EX-10
<SEQUENCE>6
<FILENAME>exhibit102.txt
<DESCRIPTION>EXHIBIT 10.2 EMPLOYMENT AGREEMENT
<TEXT>

EMPLOYMENT AGREEMENT

This Employment Agreement is made and entered into as of the 3rd day of July, 2007 between Cache, Inc., a Florida corporation, having its principal place of business at 1460 Broadway, New York, New York 10036 ("CACHE" or the "COMPANY") and Adrienne Kantor, an individual residing at 66 Leonard Street, Apt. 3 E, New York, NY 10013 ("EXECUTIVE").

BACKGROUND

The Company, Adrienne Victoria, Inc., a wholly owned subsidiary of the Company (the "Purchaser"), Adrienne Kantor, Robert Kantor and Adrienne Victoria Designs, Inc. (the "SELLER") have simultaneously entered into that certain Asset Purchase Agreement, dated July 3, 2007 (the "ASSET PURCHASE AGREEMENT").

As a material inducement for the Executive to cause the Seller and the Company to cause the Purchaser to enter into the Asset Purchase Agreement, the Company has agreed to hire the Executive and the Executive has agreed to work for the Company pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, Company and Executive agree as follows:

1.0 EMPLOYMENT

Cache hereby employs Executive as its Executive Vice President, Design and Merchandising with the duties and responsibilities set forth in Section 2.0 and Executive hereby accepts such employment. This Agreement shall commence on July 3, 2007 for a term of 5

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years, expiring on July 2, 2012 (the "INITIAL TERM"), subject to earlier termination as hereinafter provided, provided that the Company and the Executive may, subject to Executive's consent, extend the term of this Agreement for additional 12 month periods (each an "EXTENSION TERM") by providing written notice to Executive no later than 90 days prior to the expiration of Initial Term or any Extension Term, as applicable. The terms of any Extension Term shall be negotiated in good faith by the parties.

2.0 DUTIES AND RESPONSIBILITIES

2.1 The Principal duty of Executive shall be to direct, and manage design and merchandising operations of the Company. Executive shall report to the Chief Executive Officer ("CEO") of the Company. Subject to the direction and control of the CEO and in accordance with the policies and procedures of the Company, Executive shall be responsible for clothing design and merchandise sourcing for the Company and management of its merchandising department, including responsibility for hiring and firing of employees reporting to her. As an Executive Vice President, the Executive shall also be a member of the executive management team of the Company in which capacity she shall participate in determining the business strategy, marketing strategy and financial direction of the Company.

2.2 Executive agrees that she will diligently devote her entire business skill, time and effort to the performance of her duties on behalf of Cache. Executive agrees that she will not, alone or as a member of a partnership or as an officer, director, shareholder, employee or agent of any other person, firm or business organization, engage in any other business activities or pursuits requiring her personal services that might conflict with her duties hereunder. Executive may also serve as a director or consultant to other companies, which are not competitive with the

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Company, upon receiving prior approval of the Board of Directors (the "BOARD"). Executive may continue to engage in charitable and civil activities without compensation.

2.3 Executive represents and warrants that she is not subject or party to any employment agreement, non-competition covenant, non-disclosure agreement or other agreement, covenant, understanding or restriction that would prohibit Executive from executing this Agreement and performing fully her duties and responsibilities hereunder, or which would in any manner, directly or indirectly, limit or affect the duties and responsibilities which may now or in the future be assigned to Executive by Cache.

2.4 Executive agrees that at all times she will strictly adhere to and perform all her duties in accordance with written policies and procedures of Cache applicable to all executive employees that are in effect from time to time.

3.0 COMPENSATION AND BENEFITS

3.1 SALARY. During the Initial Term and each Extension Term of Executive's employment under this Agreement, Cache shall pay Executive an annual base salary of \$150,000, or at such higher rate as the Company shall determine ("BASE SALARY") less withholdings and other applicable payroll deductions as required by law, payable at such times as Cache customarily pays its other executive officers (but in no event less often than monthly).

3.2 BENEFITS. Executive will be entitled to participate in all of the Company's employee benefit plans and other executive benefit plans or programs that Cache offers, provides or makes available from time to time to its senior executive officers or employees of similar rank and title as Executive, including, without limitation, any life insurance, health and accident, stock

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option, restricted stock or other stock based compensation plans or programs, and at levels commensurate with her rank and title, provided that Executive meets the eligibility requirements for such plans or programs. To the extent permitted by applicable law and the terms of such plans and programs, Executive shall be credited for years of service rendered to Seller for purposes of any vesting requirements under such plans or programs, other than the 401(k).

3.3 BUSINESS EXPENSES. Executive shall be promptly reimbursed for the business expenses reasonably incurred on Cache's behalf in connection with the performance of her services hereunder upon presentation of an itemized account and written proof of such expenses, in accordance with the policies established by Cache.

3.4 VACATION. Executive shall be entitled to four weeks of paid vacation leave per year. Such vacation shall be taken at such times and in such intervals as Executive deems appropriate in compliance with vacation notice policy of the Company.

3.5 DIRECTORS AND OFFICERS LIABILITY INSURANCE. The Company currently maintains directors and officers liability insurance policy coverage as heretofore described to Executive. Executive shall be covered under such insurance as from time to time modified by the Company for actions taken by Executive as an officer of Cache.

3.6 COVERAGE. Nothing in this Agreement shall prevent Executive from participating in any other compensation plan or benefit plan made available to her by the Company.

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4.0 TERMINATION WITHOUT COMPENSATION

4.1 MUTUAL AGREEMENT. Executive's employment, and the parties' respective obligations hereunder may be terminated by mutual written agreement.

4.2 RESIGNATION WITHOUT GOOD REASON. Executive may terminate her employment without Good Reason (as hereafter defined), by written resignation submitted to Cache at least forty-five (45) days prior to a specified termination date and thereafter Cache shall not have any further liability or obligation to Executive, her executors, administrators, heirs, assigns or any other person claiming under or through her, except for unpaid salary and benefits through, and unreimbursed reimbursable expenses incurred prior to, such termination date, except as otherwise set forth in the Asset Purchase Agreement. Cache may at its sole discretion, terminate Executive's services at any time during that period, and compensate Executive for the remainder of that period.

4.3 PARTIAL/TOTAL DISABILITY. If Executive is unable to perform her duties

and responsibilities to the full extent required hereunder, either with or without reasonable accommodation, by reason of physical or psychiatric illness, injury or incapacity, as determined in good faith by the Board, for six (6) continuous months or nine (9) months in any twelve (12) month period, Cache may terminate Executive's employment by written notice of the termination date, and Cache shall have no further liability or obligation to Executive hereunder, except for any unpaid salary and benefits accrued to the date of termination and except as may be set forth in the Asset Purchase Agreement. During any period of disability, Executive will receive her Base Salary in effect at the time of disability, reduced by the amount of any disability benefits under any applicable Cache disability program, other Cache benefit plan or federal or

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state disability benefit program, plus reimbursement of business expenses and any other benefits to which Executive is entitled pursuant to the terms of this Agreement or Cache policies. In the event of any dispute under this Section 4.3, Executive shall submit to a physical and/or psychiatric examination by a licensed physician mutually satisfactory to Cache and Executive. The cost of such examination will be paid by Cache and the findings of such physician shall be determinative.

4.4 DEATH. If Executive dies, this Agreement shall terminate and thereafter Cache shall not have any further liability or obligation to Executive, her executors, administrators, heirs, assigns or any other person claiming under or through her, except for unpaid Base Salary, unreimbursed business expenses and other benefits accrued to the date of her death and except as may be otherwise set forth in the Asset Purchase Agreement.

4.5 CAUSE. Cache may terminate Executive's employment for "Cause" at any time upon written notice to Executive and upon such termination Cache shall have no further liability or obligation to Executive except for any unpaid salary and benefits accrued to the date of termination. For purposes of this Agreement, "CAUSE" shall mean any of the following: (a) Executive's commission of any felony (including, without limitation, any violation of the Foreign Corrupt Practices Act), whether or not job related (but excluding traffic violations), which in the reasonable judgment of the Board results in a material injury to the Company or its reputation; (b) Executive's failure (other than by reason of death, disability, illness, injury or incapacity) to perform or fulfill any of Executive's material duties or responsibilities or reasonable lawful directives of the Company which failure, in the reasonable judgment of the Board, results in a material injury to the Company or its reputation after written demand for performance, fulfillment or cure of such failure is delivered by the Company

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identifying the manner in which the Company believes that Executive has so failed, PROVIDED that if such failure is capable of cure and Executive is actively taking reasonable action to cure such failure, such failure shall not constitute "Cause" hereunder so long as such actions continue; (c) Executive's habitual insobriety or substance abuse; (d) intentional misappropriation of Company funds by Executive; (e) conduct in the performance of Executive's employment which violates applicable law or causes the Company to violate applicable law, including without limitation any harassment or anti-discrimination regulations, and which failure in the reasonable judgment of the Board results in a material injury to the Company or its reputation; (f) any material violation of Section 6, 7 or 9 of this Agreement, or (g) during any calendar year beginning in with the 2009 calendar year Cache's annualized Gross Margin (as defined in the Purchase Agreement) drops by more than 2-1/2 percentage points below the Gross Margin for the trailing 12 months ending June 30, 2007, PROVIDED that any reduction in Gross Margin attributable to acts of God, war, hostilities, acts of terrorism, increases in prices for raw materials, governmental action such as embargoes and other events in the nature of force majeure which, in any such case, are outside the ordinary course of business, shall be excluded in computing the drop in Gross Margin.

4.6 In the event that Executive's employment is terminated for any of the reasons set forth in this Section 4, Cache will have no further liability or obligation to Executive, except for any unpaid Base Salary, unreimbursed expenses or other benefits accrued as of the date of termination and except as may otherwise be set forth in the Asset Purchase Agreement.

5.0 TERMINATION WITH COMPENSATION

5.1 Cache shall have the right to terminate Executive's employment at any time

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without Cause by giving Executive thirty (30) days' prior written notice of the termination date. Executive shall have the right to terminate her employment for Good Reason by giving Cache thirty (30) days' prior written notice. "GOOD

REASON" shall mean the Company's Material Breach (as hereinafter defined) of this Agreement or a Change in Ownership or Control (as hereinafter defined) of the Company. The Company's "MATERIAL BREACH" of this Agreement shall mean (i) the failure of the Company to pay Base Salary or additional compensation or benefits hereunder in accordance with this Agreement or the failure to make payments due under the Asset Purchase Agreement, in each case within 10 business days after written notice of such failure is given by the Executive, (ii) the assignment to Executive without Executive's prior written consent of duties substantially inconsistent with her duties and responsibilities as set forth in Section 2.0 of this Agreement or a material diminution of such duties and responsibilities without her consent, or (iii) the relocation of Executive's principal place of employment to a geographic location outside of the greater New York City area without her prior written consent. A "CHANGE IN OWNERSHIP OR CONTROL" of the Company shall mean the occurrence of one or more of the following four events: (i) any person becomes a beneficial owner (as such term is defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) directly or indirectly of securities representing more than 50% of the total number of votes that may be cast for the election of directors of Cache; (ii) within two years after a merger, consolidation, liquidation or sale of assets involving Cache, or a contested election of a Cache director, or any combination of the foregoing, the individuals who were directors of Cache immediately prior thereto shall cease to constitute a majority of the Board; (iii) within two years after a tender offer or exchange offer for voting securities of Cache, the individuals who were directors of Cache immediately prior thereto shall cease to constitute a majority of the Board; (iv) a sale of all or substantially all the

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assets of Cache to an unrelated third party, or (v) at least two of Brian Woolf, Thomas Reinckens and Margaret Feeney cease to be senior executive officers of Cache. In addition, should the Company terminate Executive's employment for Cause and Cause is determined, by arbitration in accordance with the provisions set forth in ANNEX B hereto, not to exist, such termination shall be deemed to constitute a resignation by Executive for Good Reason.

In the event that Executive's employment is terminated pursuant to this Section 5.1, Cache shall continue to pay Executive the Base Salary then in effect for the balance of the term of this Agreement, less withholdings and other applicable payroll deductions as required by law, in accordance with Cache's normal pay cycle (the "SEVERANCE PAYMENTS"). The Severance Payments may in the Company's sole discretion, be payable as set forth in the previous

sentence, or in a lump sum payment. However, Executive shall not be entitled to any compensation under this Section 5.1 unless Executive executes and delivers to Cache after notice of termination a general release reasonably acceptable to Cache by which Executive releases Cache from any obligations and liabilities of any type whatsoever, except for Cache's obligation to provide the Severance Payments specified herein and any obligations of Cache or the Purchaser to the Executive or the Seller under the Asset Purchase Agreement. The parties acknowledge that the Severance Payments to be provided under this Section 5.1 are partially in consideration for the above-referenced release. Upon any termination under this Section 5.1, Cache shall have no further obligation to Executive, her executor, administrators, heirs, assigns or any other persons claiming under or through her other than to pay to Executive the Severance Payments specified in this Section 5.1 in exchange for the above-referenced release and except as otherwise provided in the Asset Purchase Agreement. Executive agrees that any compensation she is to receive pursuant to this Section 5.1 shall be reduced by any compensation Executive receives in

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connection with any employment position Executive assumes subsequently to her termination date. Executive further agrees that, immediately upon her acceptance of any such employment position, she will notify Cache, in writing, of her employment position and the compensation associated with the position so that Cache may reduce the payments to be made to Executive, in accordance with this Section 5.1.

5.2 In the event that Executive dies during the payment continuation period referred to in Section 5.1, Cache will have no further liability or obligation to Executive, her executor, administrators, heirs, assigns or any other persons claiming under or through her as of the date of Executive's death except as set forth in Section 4.4 of this Agreement and under the Asset Purchase Agreement.

6.0 ASSIGNMENT OF PROPRIETARY INFORMATION AND RETURN OF PROPERTY

6.1 Executive hereby recognizes the Company's proprietary rights in the tangible and intangible property of the Company and acknowledges that notwithstanding the relationship of employment, Executive will not obtain or acquire through such employment any personal property rights in any of the property of the Company, including but not limited to, any writing, communications, manuals, documents, instruments, contracts, agreements, files, client or customer lists, databases, literature, data, technical information, know-how, secrets, formulas, products, methods, procedures, processes, devices, apparatuses, designs, drawings, trademarks, trade names, trade styles, service

marks, logos, copyrights, patents, or other matters which are the property of the Company.

6.2 Executive agrees that any and all designs, discoveries, inventions, improvements and innovations (including all data and records pertaining thereto) (together or individually

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hereinafter referred to as "PROPRIETARY INFORMATION"), whether or not patentable, copyrightable or reduced to writing, which Executive may have conceived or made, or may conceive or make, during her employment by the Company and for a period of two months thereafter, either alone or in conjunction with others and whether or not during working hours or by the use of the facilities of the Company, which are related or in any way connected with the business of the Company or its affiliates, are and shall be the sole and exclusive property of the Company. Executive shall promptly disclose all Proprietary Information to the Company, shall execute at the request of the Company any assignments or other documents the Company may reasonably deem necessary to protect or perfect its rights therein, and shall assist the Company in any reasonable respect, at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. Executive hereby appoints the Company as her attorney-in-fact to execute on her behalf any assignments or other documents deemed necessary by the Company to protect or perfect its rights to any Proprietary Information should Executive fail to provide her reasonable cooperation.

6.3 At any time during or after the term of employment, Executive agrees that she will fully cooperate with any reasonable requests of the Company, its attorneys and agents in the preparation and filing of all papers and other documents as may be required to perfect the Company's rights in and to any of such Proprietary Information, but not limited to, joining in any proceedings to obtain letters patent, copyrights, trademarks or other legal rights of the United States and of any and all other countries on such Proprietary Information, provided that the Company shall bear the expenses of such proceedings, and that any patent or other legal right so issued to Executive, personally shall be assigned by Executive to the Company without change by Executive.

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6.4 Immediately upon termination of Executive's employment, Executive shall deliver to Cache all copies of data and information in any way associated with Cache or the performance of Executive's duties including, but not limited to, all Confidential Information (as defined in Section 7.1), documents, correspondence, notebooks, reports, computer programs, drawings, designs, lists and all other materials and copies thereof (including computer discs and other electronic media) relating in any way to the business of Cache. Immediately upon termination of Executive's employment, Executive shall deliver to Cache all tangible property belonging or licensed to Cache, including, without limitation, cell phones, facsimile machines, computers, pagers and credit cards.

7.0 CONFIDENTIALITY; NON-COMPETE

7.1 CONFIDENTIALITY AND NONDISCLOSURE OF INFORMATION. During Executive's tenure with Cache, she has had and will have access to information relating to the business of Cache, including writings, equipment, processes, drawings, reports, designs, manuals, invention records, financial information, business plans, customer lists, the identity of or other facts relating to prospective customers, inventory lists, arrangements with suppliers and customers, computer programs, or other material embodying trade secrets, customer or product information or technical or business information of Cache (all of which, excluding information and materials which are or become generally available or known within the industry or to the public other than as a result of disclosure by Executive or her representatives, hereinafter are referred to as "CONFIDENTIAL INFORMATION"). Executive acknowledges that the Confidential Information constitutes a valuable, special and unique asset of Cache as to which Cache has the right to retain and hereby does retain all of its proprietary interests. However, access to and knowledge of the Confidential Information is essential to the performance of Executive's duties. In recognition of

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this fact, Executive agrees that she will not, during or after her employment with Cache, disclose any of the Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever (except as necessary in the performance of her duties during her employment with Cache) or make use of any of the Confidential Information for her purposes or those of another. In the event Executive is required or requested by legal process to disclose any of the Confidential Information, Executive shall provide Cache with prompt notice of such requirement or request so that Cache may, at its own expense, seek an appropriate protective order or waive compliance with

the provisions of this Section 7.1 to the extent required to comply with the request or order. If a protective order is not obtained and/or if reasonable proof thereof is not given by Cache to Executive by written notice and received by Executive no later than one (1) business day preceding the date on which such disclosure is required, Executive may disclose all or a portion of the Confidential Information to the extent required by such legal process or permitted by the waiver, or both.

7.2 NON-COMPETE. (a) Executive acknowledges and recognizes the highly competitive nature of the industry in which the business of Cache ("BUSINESS") is involved. Accordingly, in consideration of the premises contained herein and the consideration to be received hereunder, and in consideration of and as an inducement to Cache to consummate the transaction contemplated by this Agreement, during the term of her employment as set forth in this Agreement and for a period of two (2) years following termination without compensation, or during the period Executive receives compensation pursuant to Section 5.1 (the "NON-COMPETE PERIOD"), Executive shall not, whether as an agent, employee, consultant, advisor, representative, stockholder, member, partner, supplier or joint venturer, directly or indirectly, own, manage, control, participate in, consult with, render services for, sell to, or in any manner engage in or

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represent any Competitive Business anywhere in the world where Cache products are sold during the term of Executive's employment hereunder and as of the date of termination of such employment. As used herein, a "COMPETITIVE BUSINESS" shall mean a specialty retailer selling apparel and accessories to the female "missy" customer or selling special occasion wear. The Competitive Businesses as of the date hereof are listed on ANNEX A, provided that Cache may amend ANNEX A from time to time to add other companies, which were either inadvertently omitted or which become Competitive Businesses after closing. Executive specifically agrees that this covenant is an integral part of the inducement of Cache to enter into this Agreement, and absent this covenant Cache would not enter into this Agreement and that Cache shall be entitled to injunctive relief in addition to all other legal and equitable rights and remedies available to it in connection with any breach by such person or its applicable affiliates of any provision of this Section 7.2(a) and that, notwithstanding the foregoing, no right, power, or remedy conferred upon or reserved or exercised by Cache in this Section 7.2(a) is intended to be exclusive of any other right, power or remedy, each and every one of which (now or hereafter existing at law, in equity, by statute or otherwise) shall be cumulative and concurrent.

(b) Nothing herein shall prohibit Executive from (i) being a passive owner

of not more than five percent (5.0%) of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation, or (ii) performing her duties pursuant to this agreement.

(c) During the Non-Compete Period, Executive shall not, directly or indirectly through another person (i) induce or attempt to induce any employee of Cache or its affiliates to leave the employment of Cache or such affiliate or in any way interfere with the relationship between Cache or such affiliate, on the one hand, and any employee thereof, on the other hand;

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(ii) hire any person who was an employee of Cache or an affiliate thereof until one (1) year after such individual's employment relationship with Cache or such affiliate has ended; or (iii) induce or attempt to induce any customer, supplier, vendor, licensee or other business relation of any of Cache or any affiliate thereof to cease doing business with Cache or such affiliate, or in any way interfere with the relationship between any such customer, supplier, vendor, licensee or business relation, on the one hand, and Cache or such affiliate, on the other hand.

(d) Executive understands that the foregoing restrictions may limit her ability to earn a livelihood in a business similar to the Business, but nevertheless believes, that she has received and will receive sufficient consideration and other benefits as provided hereunder to clearly justify such restrictions which, in any event (given its education, skills and ability), she does not believe would prevent her from otherwise earning a living. Executive has carefully considered the nature and extent of the restrictions placed upon her by this Agreement, and hereby acknowledges and agrees that the same are reasonable in time, scope and territory, do not confer a benefit upon Cache or any of its affiliates disproportionate to the detriment of Executive, are reasonable and necessary for the protection of Cache and its affiliates and are an essential inducement to Cache to consummate the transactions contemplated by this Agreement.

(e) If, at the time of enforcement of this Section 7.2, a court or arbitrator holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court or arbitrator, as applicable.

(f) Executive covenants and agrees that she will not seek to challenge the

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enforceability of the covenants contained in this Section 7.2 against Cache or any of its affiliates, nor will Executive assert as a defense to any action seeking enforcement of the provisions contained in this Section 7.2 (including an action seeking injunctive relief) that such provisions are not enforceable due to lack of sufficient consideration received by Executive so long as (i) no "event of default" has occurred and is continuing under the Note (as defined in the Asset Purchase Agreement) or (ii) no default has occurred and is continuing with respect to the payment of any Earn-Out Payment or any other payment obligations due and payable under the Purchase Agreement. The parties hereto agree and acknowledge that money damages would not be an inadequate remedy for any breach of this Section 7.2. Therefore, in the event of a breach or threatened breach by Executive of this Section 7.2, Cache or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions of this Section 7.2 (without posting a bond or other security).

8.0 COOPERATION BY EXECUTIVE

Executive agrees, during and after her employment with Cache, to cooperate with reasonable requests of Cache in any legal proceedings or with respect to any regulatory matters relating to the period of Executive's employment with Cache, provided that any reasonable travel, room and board expenses which Executive incurs in rendering such cooperation will be reimbursed by Cache.

9.0 CONFIDENTIALITY OF AGREEMENT; NO DISPARAGEMENT

9.1 Both during and after Executive's employment with Cache, Cache and Executive

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agree to make reasonable efforts to keep the contents of this Agreement confidential (except with respect to such party's counsel, accountant, financial advisors and any person requiring such information in connection with a loan application or credit rating, or any member of Executive's immediate family or

any person sharing Executive's principal residence, in all cases with the understanding that such persons will maintain the confidentiality of said Agreement). Executive further agrees, both during and after Executive's employment with Cache, not to disparage or ridicule Cache or any of Cache's officers, or any member of Cache's Board.

9.2 Cache agrees that, both during and after Executive's employment with Cache, it will not disparage or ridicule Executive for any reason whatsoever.

10.0 INJUNCTIVE RELIEF

Executive acknowledges that damage to Cache from Executive's breach of this Agreement cannot be remedied solely by the recovery of damages, and agrees that in the event of any breach or threatened breach of any of the provisions of Sections 6, 7 or 9 of this Agreement, Cache may pursue both injunctive relief and any and all other remedies available at law or in equity for any such breach or threatened breach, including the recovery of damages. Cache acknowledges that damage to Executive from Cache's breach of Section 9.2 of this Agreement cannot be remedied solely by the recovery of damages, and agrees that in the event of any breach or threatened breach of Section 9.2, Executive may pursue both injunctive relief and any and all other remedies available at law or in equity for any such breach or threatened breach, including the recovery of damages.

11.0 ASSIGNABILITY; BINDING EFFECT

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The terms and provisions of this Agreement shall be binding upon and inure to the benefit of Cache and its successors and assigns. Any assignment of this Agreement by Cache shall not operate as a release by Executive of any of Cache's obligations under this payment for which Cache shall continue to be responsible notwithstanding such assignment. This Agreement calls for the provision of personal services and, accordingly, shall not be assignable by Executive.

12.0 MISCELLANEOUS

12.1 This Agreement, along with the Asset Purchase Agreement supersedes all prior agreements between the parties on the subject hereof. To the extent terms of this Agreement conflict with the terms of Asset Purchase Agreement, the terms of Asset Purchase Agreement shall prevail and control. None of the terms of this Agreement shall be deemed to be waived or modified, nor shall this Agreement be renewed, or extended, except by an express agreement in writing, signed by Executive and Cache. There are no representations, promises, warranties,

covenants or undertakings, other than those contained in this Agreement or in the Asset Purchase Agreement, which agreements represent the entire understanding of the parties. The failure of a party hereto to enforce, or the delay by a party hereto to enforce, any of its rights under this Agreement shall not be construed as a waiver of any such party's rights hereunder. Paragraph headings contained in this Agreement have been inserted for convenience of reference only, are not to be considered a part of this Agreement and shall not affect the interpretation of any provision hereof. In the event any of the provisions of this Agreement, or any portion thereof, shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not be affected or impaired but shall remain in full force and effect. This Agreement shall be governed and construed in accordance with the laws of the State of New

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York, applicable to agreements made and to be performed therein. Any action brought in connection herewith shall be brought exclusively in the federal or New York State courts sitting in the City of New York, County of New York and each party hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. A final judgment in any such action may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law.

12.2 NOTICES. Any notices under this Agreement shall be in writing and shall be given by personal delivery, facsimile, by certified or registered letter, return receipt requested, or a nationally-recognized overnight delivery service; and shall be deemed given when personally delivered, upon actual receipt of the facsimile or certified or registered letter, or on the business day next following delivery to a nationally-recognized overnight delivery service at the addresses set forth below in this Agreement or to such other address or addresses as either party shall have specified in writing to the other party hereto.

IF TO CACHE:
Thomas E. Reinckens
Cache, Inc.
1440 Broadway

IF TO EXECUTIVE:
Adrienne Kantor
66 Leonard Street Apt. 3 E
New York, NY 10013

New York, NY 10018
Facsimile: (212) 764-2082

Facsimile: (212) 869-5356

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12.3 SURVIVAL. The provisions of Sections 4, 5, 6, 7, 8 9, 10 and 12 of this Agreement shall survive the termination of this Agreement, and of Executive's employment.

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IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement on the date first above written.

CACHE, INC.

By: /s/ Thomas E. Reinckens

/s/ Adrienne Kantor

Name: Thomas E. Reinckens

ADRIENNE KANTOR

Title: President and Chief Operating Officer

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Annex A

COMPETITIVE BUSINESSES AS OF THE DATE OF THIS AGREEMENT

AnnTaylor Stores Corp.
Arden B.
Anthropologie

Banana Republic
BCBG Max Azria
Bebe Stores, Inc.
Chico's FAS Inc.
Express
Guess? Inc.
J Jill
Max Studio
New York & Company Inc.
Talbots Inc.
White House | Black Market

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Annex B

ARBITRATION PROVISIONS

(a) The party invoking arbitration under this provisions shall notify the other party in writing, and such notice shall propose an arbitrator, who shall be required to complete a disclosure of interest form;

(b) the parties will confer in good faith to select a mutually agreed upon arbitrator, but in the event they fail to do so within 10 days of notice to file, shall notify the American Arbitration Association (the "AAA") in New York City, New York;

(c) the parties shall request that the AAA work with the parties to select a single arbitrator pursuant to the method and manner contemplated by the AAA's National Rules for the Resolution of Employment Disputes;

(d) the arbitration shall be conducted in New York City;

(e) the arbitration, including the arbitrator's decision, shall be completed within 30 days of selection of the arbitrator. The arbitration shall prepare and distribute findings of fact and set forth the reasons for such decisions;

(f) the arbitrator shall have no authority to assess punitive or exemplary damages as to any dispute (i) arising out of or concerning the provisions of

this Agreement or (ii) otherwise arising out of the employment relationship, except as and unless such damages are expressly authorized by otherwise applicable and controlling statutes; and

(g) the arbitrator's decision shall be final and binding and enforceable and not subject to vacatur in any court of competent jurisdiction

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-----END PRIVACY-ENHANCED MESSAGE-----